

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

THE APPLICATION OF MEADE COUNTY	)	
RURAL ELECTRIC COOPERATIVE	)	CASE NO.
CORPORATION (1) FOR APPROVAL TO	)	94-018
ISSUE SECURITIES PURSUANT TO	)	
KRS 278.020(1) AND 807 KAR 5:001,	)	
SECTIONS 6 AND 11.	)	

O R D E R

Meade County Rural Electric Cooperative Corporation ("Meade County") filed its application on January 14, 1994 for approval to borrow funds from the National Rural Utilities Cooperative Finance Corporation ("CFC") and to execute its notes for such loan. The proceeds of this loan will finance Meade County's 1993-1994 Work Plan.<sup>1</sup> This Work Plan calls for improvements and additions specifically described in the application, which are estimated to cost \$4,535,957 and be financed by a \$3,175,000 loan from the Rural Electrification Administration ("REA") and a \$1,403,093<sup>2</sup> loan from CFC.

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<sup>1</sup> Meade County received a Certificate of Public Convenience and Necessity for the 1993-1994 Work Plan in Case No. 93-071, The Application of Meade County Rural Electric Cooperative Corporation for a Certificate of Convenience and Necessity, pursuant to KRS 278.020(1) and 807 KAR 5:001, Section 9 and Related Sections, Authorizing Certain Proposed Construction, Order dated July 1, 1993.

<sup>2</sup> The amount borrowed from CFC includes the purchase of capital term certificates, in an amount equal to 3 percent of the total CFC loan. CFC requires its borrowers to purchase these certificates. The purchases required of Meade County for this loan total \$42,093. The total amount of the REA and CFC loans exclusive of the certificate equals \$4,536,000.

The Commission, after consideration of the evidence of record and being advised, finds that:

1. The proposed loan from CFC is for lawful objects within the corporate purposes of Meade County, is necessary and appropriate for and consistent with the proper performance by Meade County of its service to the public, and will not impair its ability to perform that service.

2. Meade County is capable of executing its notes as security for the loan as stated herein.

3. Meade County should select the interest rate program which will result in the net lowest cost of money to it over the term of the financing.

4. Within 10 days of its selection of the interest rate program, Meade County should notify the Commission in writing of the interest rate program selected and of the reasons for its selection.

5. The proceeds from the proposed loans should be used only for the lawful purposes set out in Meade County's application.

6. Meade County should include in its monthly financial report to the Commission the current interest rate on its outstanding variable rate loans.

7. As the issuance of securities or evidences of indebtedness subject to the control of a federal governmental agency do not require Commission approval, KRS 278.300(10), and as the REA is an agency of the federal government, no action on Meade County's proposed loan from the REA is required.

IT IS THEREFORE ORDERED that:

1. Meade County be and it hereby is authorized to borrow \$1,403,093 from CFC for a 35-year period and bearing either a fixed or variable rate, as chosen by Meade County at the time the first monies are drawn from CFC, subject to the provisions and terms of the application with respect to renegotiation of the interest rate.

2. Meade County be and it hereby is authorized to execute its notes as security for the loan herein authorized.

3. Meade County shall comply with all matters set out in Findings 3 through 6 as if they were individually so ordered.

Nothing contained herein shall be deemed a warranty or finding of value of securities or financing authorized herein on the part of the Commonwealth of Kentucky or any agency thereof.

Done at Frankfort, Kentucky, this 14th day of February, 1994.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

  
Executive Director